

The New Year of 1720 and the declaration of the dividend marked the apogee of I^{aw}'s system. The craze had substantially run its course and the reaction was setting in. Prices were rising under the impulse of the excessive issues of bank-bills and the more prudent speculators were endeavoring to convert their gains into more solid property by the purchase of real estate or by shipping gold abroad. The bank had already been authorized to issue 1,000,ixxv~xx> livres and there had been issues without authority and counterfeits, which were easily made because the genuine bills were so rapidly and crudely turned out. Specie began to disappear and the subsidence of speculation made the bills redundant. I^{aw} adopted the now familiar argument in favor of paper money, that it was to be preferred over coin because it was non-exportable. A series of decrees during the early months of 1720 sought to discredit coined money and maintain the currency of the bank-bills. The nominal value of coin was reduced ; the quantity of specie which an individual was permitted to hold was limited ; the sale of vessels of gold or silver was prohibited ; the carrying of diamonds and precious stones was prohibited ; the circulation of bills throughout the realm as legal tender was decreed ; an advantage was accorded those who paid certain taxes in bills rather than specie; and special jurisdiction was given the Council of State for causes concerning bank-bills.¹ All these measures failed to maintain confidence in the super-agents of exchange (*agents de change*) who still form the legal body of the Paris Bourse. Their places are transmissible and hereditary. The Bourse decides what stocks shall be admitted to its lists and only those representing a large capital are ever listed. The corporation which has been formed by the members inspires absolute confidence in its operations by voluntarily assuming corporate responsibility for the acts of its members in their legitimate capacity as brokers. This corporation has instituted a clearing house and was strong enough in the crisis of 1882 to borrow 80,000,000 francs (\$ 16,000,000) from the Bank of France, guaranteed by the Rothschilds to

the amount of 40,000,000 francs and by the leading societies of credit for 40,000,000 more.—Jannet, 347-48.

¹ Courtois, 44.